

EMBARGOED TILL DELIVERY ON 3 JAN 2004

CHECK AGAINST DELIVERY

OPENING OF THE LEGAL YEAR 2004
3 JANUARY 2004

ATTORNEY-GENERAL'S SPEECH

May it please you, Chief Justice and Justices of the Supreme Court,

All of us must be glad to leave behind us a dismal 2003. The new Legal Year brings with it optimism for a much better year. The economy is on course to perform better than last year. The Bench is getting stronger even as it gets smaller, reflecting the decline in civil litigation. The number of practising lawyers, after many years of attrition, is poised to start growing again.

✓[2 The appointment of a new judge in Singapore is always a significant event, especially for the legal community. This morning, we have among us a new Judicial Commissioner, Mr V.K. Rajah. He brings with him to the Bench expertise and experience in many areas of law and proven entrepreneurial and management skills. He is good for the Bench and the Bench is good for him. The Bar has lost a dynamic lawyer but I am sure that everyone will join me in wishing Mr Rajah great success in his new ^{career} ~~public life~~, success of a kind that is not achievable in private practice.] *

3 This Legal Year also sees a change in the leadership of the Bar at a time when a sea change has occurred in the legal profession. I congratulate Mr Philip Jeyaretnam S.C. on his election as the new President of the Law Society, the youngest in its history. This youthful

✓ Subject to announcement or presence in court.

presidency reflects the age distribution of the Bar: more than 50% have less than 10 years' practice; about 70% have less than 15 years' practice; and more than 30% have less than 5 years' practice. The Law Society faces many challenges, the least of which is how to satisfy the aspirations of our young lawyers. The Bar is a fragmented profession and there are different pressures on the directions the Law Society should take. The President has an urgent house-cleaning job to finish, which is to put in place immediately a regulatory framework that will reduce the opportunities for lawyers to misuse clients' money. He deserves and needs our support in taking on a job that has brought little joy and no rewards to past office holders.

4 Currently, we have about 3,515 lawyers holding practising certificates as against 3533 in 2002, 3524 in 2001 and 3537 in 2000. This is despite the fact that during the period from 1999 to 2002, 875 law graduates passed the Practical Law Course. The decline is worse if 1997 is used as the baseline. However, notwithstanding this, the legal services industry does not appear to have been affected in terms of revenue earned. According to annual surveys done by the Department of Statistics, the legal services industry has generated more than S\$1 billion in gross receipts in 1997, and except in 1998, has maintained its S\$1 billion contribution up to 2001.¹

5 In 2001, the total gross receipts of export legal services (defined as services rendered to non-residents by law firms based in Singapore) totalled \$107 million (or 11%). Export of legal services has been growing at an annual rate of 11% from S\$51.6 million in 1995 to \$104 million in 2002, and import of legal services at the annual rate of 14% from \$22.1 million in 1995 to \$54.8 million in 2002. The net export revenue growth is 8%. The

¹ The figures are as follows: \$1.058 billion (1997), \$938 million (1998), S\$1.039 (1999), S\$1.121 (2000) and S\$1.016 (2001).

DOS's surveys also show that export of legal services has been growing faster on the average than export of other business services² during the period between 1995 and 2002 (11% as against 5.8%). This is a plus for the legal services industry and Singapore as a legal services hub.

6 A S\$1 billion industry is a sizeable industry. However, to put matters in perspective, in 2001 the legal services industry contributed to 0.5% of Singapore's GDP and 4.9% to the business services sector. In terms of numerical strength, two offshore law firms, both of which have practices in Singapore, each has more lawyers than the entire Singapore Bar in 2003. In terms of revenue, more than 10 of the largest offshore law firms (mainly from USA and UK) have higher annual revenues than the total gross receipts of the legal services industry in Singapore in 2002.

7 But given the pace of economic progress in Asia, the prospects for growth in our legal services industry are good. The Bar must prepare itself to take advantage of the new opportunities that will come as the Government charts new directions for economic growth. The many FTAs the Government has signed should lead to greater trade and investment flows into Singapore and their spill-over effects will mean more legal work. The US-Singapore FTA came into force on 1 January 2004. With its emphasis on the protection of intellectual property rights, it should give a fillip to IP law practice. Singapore has all the necessary qualities to be a regional arbitration hub. It is gaining ground as the preferred arbitration venue for investment disputes in the region. Singapore law is slowly becoming acceptable as the preferred arbitral law. More offshore law firms have begun locating arbitration counsel in Singapore. The Bar must be ready to exploit these developments.

² Business services cover Accounting, Advertising, Architecture, Business Management, Engineering and Technical, Legal Research and Development, Trade-related business, etc.

8 Other initiatives have also been announced. In February 2003^{2?}, the Monetary Authority of Singapore conducted an industry consultation on promoting the business of wealth management in Singapore. As a result, the Government has announced that it will amend the Trustees Act to provide a suitable legal framework for this purpose. In December 2003, the MAS also released a consultation paper on the setting up of a regulatory framework for business trusts. These two laws will enhance our financial services industry. They will lead to the revival of trust law practice which, as our once visible Chancery lawyers can testify, can be maintained for generations to come.

9 Even as legal services in Singapore have grown in the areas of business law, the internationalisation of law practice has raised the expectations of our young lawyers. More are opting for corporate finance law as the new *El Dorado* of law practice. As their ambitions are no longer bounded by territory or jurisdictions, we find a large number, perhaps a few hundreds, already practising in the financial centres in USA, Europe and Asia. More will follow suit should domestic practice become congested or less rewarding. The offshore law firms continue to impose greater demands on our law firms for efficient and competitive services. But, I believe that they have the capacity to meet them. Success in the law will in future be determined by specialising in the right kind of practice. To be a generalist is to invite virtual invisibility to the public and to promotional publications such as the Asian Legal Business, the Asia Pacific Legal 500, the Legal Media Group, or even the Straits Times.

10 In closing, let me return to the point of this morning's ceremony. The Opening of the ^{new} Legal Year serves to remind us of the critical role of the Judiciary in the governance of Singapore. An independent and impartial Judiciary is the cornerstone of the rule of law and the indispensable dispenser of justice in the legal system. It is therefore fitting that a ceremony is held at the beginning of every Legal Year to remind ~~itself~~ ^{ourselves} of its

role and for us to renew our pledge of full support to you, Chief Justice and your fellow Judges in the discharge of your functions. I now do so, on my behalf and on behalf of all my legal officers. I also wish all present here continuing good health and a fulfilling 2004.